

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6033

BILL NUMBER: SB 66

DATE PREPARED: Oct 19, 2000

BILL AMENDED:

SUBJECT: Insurer practices and victims of abuse.

FISCAL ANALYST: Jim Landers

PHONE NUMBER: 232-9865

FUNDS AFFECTED: **X GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: The bill prohibits an insurer from doing any of the following because an individual is, has been, or may be a victim of abuse: (1) Refusing to issue or renew automobile or homeowners insurance coverage; (2) restricting or terminating automobile or homeowners insurance coverage; (3) adding a surcharge or rating factor to the premium for automobile or homeowners insurance coverage; or (4) excluding or limiting automobile or homeowners coverage or denying a claim under automobile or homeowners coverage. The bill prohibits an insurer from asking an individual covered by or applying for an automobile or homeowners insurance policy if the individual is, has been, or may be a victim of abuse. The bill also makes the violation of any one of these prohibitions an unfair and deceptive act or practice in the business of insurance for which the Insurance Commissioner may impose a civil penalty or suspend or revoke an insurer's certificate of authority.

Effective Date: July 1, 2001.

Explanation of State Expenditures:

Explanation of State Revenues:

Fiscal Impact: The bill potentially could result in additional revenue from civil penalties imposed on insurers by the Commissioner of the Department of Insurance. Civil penalties that may be imposed for violations of the provisions of the bill would be deposited in the state General Fund.

Background Information: A violation of the provisions of this bill would constitute an unfair or deceptive practice in the business of insurance. Under current law, if the Commissioner of the Department of Insurance determines that a violation has occurred, the Commissioner may, at his or her discretion, order payment of up to \$25,000 for each violation (but not to exceed an aggregate of \$100,000 in any 12-month period) unless the person knew or reasonably should have known that the act or practice was a violation. If the person knew or reasonably should have known that the act or practice was a violation, the Commissioner may order

payment of up to \$50,000 for each violation (but not to exceed an aggregate of \$200,000 in any 12-month period).

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance.

Local Agencies Affected:

Information Sources: